GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1515
ANSWERED ON:16.07.2004
FDI THROUGH GREEN FIELD ROUTE
Meghwal Shri Kailash

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government proposes to generate FDI through green field route;

(b) If so, the details thereof;

(c) Whether some sectors propose to re-visiting;

(d) If so, the details thereof, Sector-wise; and

(e) The reasons for re-visiting?

Answer

Minister of State in the Ministry of Finance (Shri S. S. Palanimanickam)

(a),(b),(c),(d) and (e): Government has put in place a liberal and transparent Foreign Direct Investment (FDI) policy and most sectors have been placed under the automatic route except for a small negative list. FDI upto 100% is permitted on the automatic route for most activities/sectors except for a few sectors where caps have been prescribed.

In the Budget speech for 2004-05, Finance Minister has announced that the National Common Minimum Programme declares that FDI will continue to be encouraged and actively sought, particularly in areas of infrastructure, high technology and exports. It is proposed in the Budget to raise the sectoral cap for FDI in telecommunication from 49 percent to 74 percent; in civil aviation from 40 percent to 49 percent; and in insurance from 26 percent to 49 percent.